

To the Members of the California State Assembly:

I am signing AB 2701 because this bill will resolve a long-standing conflict and controversy by providing a means to transfer responsibility for constructing a wastewater collection and treatment system from the Los Osos Community Services District to San Luis Obispo County. The current septic tank discharges from Los Osos pose serious environmental and public health concerns and the Los Osos Community Services District has failed in its responsibility to construct a wastewater collection and treatment system to protect water quality and public health.

State and federal agencies have been working to address these water quality issues in Los Osos for over 30 years. The County has the resources and expertise necessary to construct the wastewater collection and treatment system and thereby address the water quality issues in Los Osos. The transfer of the responsibility for constructing the plant from the Los Osos Community Services District to the County is the only viable solution to addressing this problem.

It is important that the State Revolving Fund be repaid the \$6.5 million in loan funds that the District owes the State Revolving Fund. This is important, not only financial accountability, but because failure to repay the loan adversely affects other local agencies seeking loans from the State Revolving Fund. Therefore, I am directing the State Water Resources Control Board to withhold any subsequent State Revolving Fund loan to San Luis Obispo County for this project unless the existing \$6.5 million loan has been repaid or the payment plan incorporates its full recovery.

Sincerely,

Arnold Schwarzenegger